



Bryce Yokomizo
Director

May 7, 2002

TO: Each Supervisor

FROM: Bryce Yokomizo, Director

SUBJECT: **BOARD OF SUPERVISORS MOTION: L.A. COUNTY FOOD STAMP
ERROR RATE MONTHLY REPORT – MARCH 2002**

On April 24, 2001, your Board instructed the Los Angeles County Department of Public Social Services (DPSS) to identify all factors contributing to the high Food Stamp error rate and implement a program to reduce the rate to the overall average of all the other counties in the state. This is to provide your Board with the departmental progress report on the Los Angeles County Food Stamp error rate as of March 31, 2002. Representatives from the offices of the Chief Administrative Officer (CAO) and the Auditor Controller (A-C) have reviewed this report and concur with the information.

The United States Department of Agriculture, Food and Nutrition Services (FNS) released the error rate for Federal Fiscal Year (FFY) 2001 on Friday, April 26, 2002. The State is entering into discussions with FNS to negotiate a settlement agreement to provide the State with time to work out the difficulties and demonstrate improvements. States receive a financial penalty based on the percentage of benefits incorrectly issued in excess of the national average payment error rate. The current penalty threshold for FFY 2001 is 8.7%. The error rate for the State of California for FFY 2001 is 17.4%, the highest in the nation, and the error rate for Los Angeles County for FFY 2001 is 22.9%, the highest in the state. A separate memo to your Board providing the details of the sanction will be submitted this week.

INITIATIVES FOR IMMEDIATE ACTION

In my report of April 11, 2002, I introduced the new actions that my Department has taken. The progress of the following initiatives is being closely monitored:

- Developing ongoing Los Angeles Eligibility Automated Determination Evaluation and Reporting (LEADER) training including clinics with priority focus to Food Stamp error areas. LEADER training in Earned Income, the biggest problem area, began April 15, 2002 and is mandatory for all Food Stamp eligibility staff. The target date for completion is June 3, 2002.

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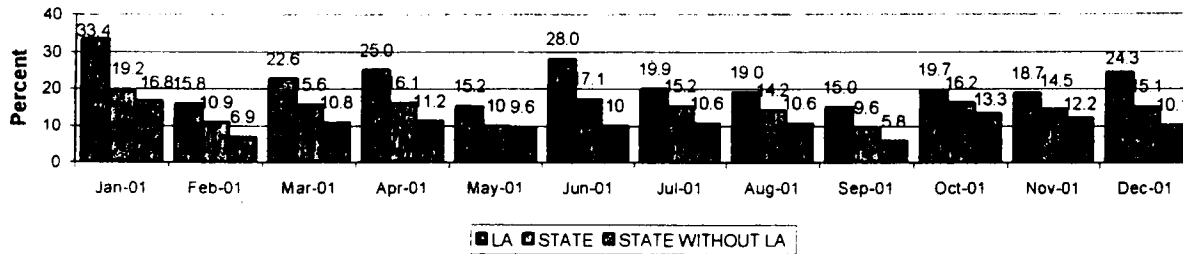
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- Providing a special Strike Team of LEADER and DPSS training staff to provide worker by worker evaluations and training to ensure accuracy. The Strike Teams began on April 15, 2002. Each session lasts from four to seven days.
- Conducting a CW 7 Change Center Pilot to centrally process changes reported on the monthly CW 7 form. The overall goal of the pilot is to measure the effect of centralized CW 7 processing and reduce the Food Stamp error rate by ensuring that action is taken on all CW 7 reported changes. The pilot began on April 1, 2002. Preliminary results are favorable and indicate that all monthly CW 7 forms received in the pilot districts by the budgeting deadline were processed.
- Completing snapshot case reviews to provide instant feedback on departmental performance on a monthly basis. Review results for April 2002 reflect an error rate of 10.0% and review results for March 2002 show an error rate of 9.4%, both of which reflect a decrease from 10.7% for February 2002. This is a definite downward trend from our preliminary agency error rate of 13.4% for FFY 2002. These error rates do not include participant errors.
- Completing travel funded by the State Exchange Program to evaluate transferability of best practices to operate centrally processing reported changes. Trips to New York and San Antonio provided a wealth of information about processes that may assist my Department in improving the Food Stamp error rate. These actions are being prioritized and will be monitored. I will include the additional actions identified for implementation in Los Angeles County in my next report.
- Identifying resources to conduct participant home visit reviews and developing how the staff will be trained. These visits will provide the Department with information to determine a cause for the increase in participant errors. Home visit reviews are targeted to begin by June 2002.
- Posting the district-specific error rates in each district so that each worker is made aware of his contribution and responsibility for reducing errors.
- Initiating meetings between District administration and individual workers and supervisors regarding Food Stamp errors identified in case audits. District Error Review Boards have been established in all twenty-nine district offices with Food Stamp responsibilities.
- Piloting a CW 7 Automated Scanning Tracking System (CAST) is being developed. Imaging the CW 7 is expected to further improve action on changes. The Department expects to pilot the new CAST system in May 2002.

ERROR RATE

Based on the latest available findings from the California Department of Social Services (CDSS), the Department's Food Stamp error rate for December 2001 is 24.3%. The impact of actions underway will not be reflected until the summer months as the State audit results are usually released four months in arrears.

Your Board instructed my Department to include in its monthly progress report, a comparison between the error rate of Los Angeles County and the average error rate for all other counties in the State of California. At the time of my progress report of April 11, 2002, the information was not provided for the months of October 2001 through December 2001. It is now available and is shown on the graph below.



The Department's cumulative performance for FFY 2001 is 22.9%.

PERIOD COVERED	L.A. COUNTY	STATE
October 2000 - September 2001	22.9%	17.4%
October 2001 - December 2001	21.0%	17.2%

Source: CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

LONGER TERM CORRECTIVE ACTION

During March 2002, my Department continued to make positive progress to reduce the impact of the following seven factors that contribute to the high Food Stamp error rate: 1) inadequate knowledge of Food Stamp policy, 2) insufficient management accountability, 3) failure to act on information, 4) inadequate awareness of Food Stamp payment accuracy, 5) participant non-reporting, 6) LEADER claiming discrepancy, and 7) inadequate district specific performance information.

My Department continues to address the above seven areas contributing to the error rate in focusing our efforts on new initiatives for immediate action.

STATE CONSULTANT: GovConnect

This project was created by the CDSS to assist DPSS in a business process improvement effort to determine whether or not current practices and procedures maximize the utility offered by LEADER. Phase I consisted of Service Delivery Analyses which studied and documented existing practices in five districts selected as representative of DPSS. Key areas reviewed included the current utilization of

LEADER and linkage with the Food Stamp program eligibility and placed emphasis on identifying factors that contribute to service delivery and payment accuracy problems.

The consultants began meeting with the Department in January 2002 to work on a Business Process Improvement Strategic Plan. The business process improvements should increase service delivery effectiveness and overall program integrity and contribute to the objective of improved Food Stamp payment accuracy. The Strategic Plan was delivered to the Department on April 9, 2002.

GovConnect has begun the third and final phase of its work which consists of assisting the Department with implementation of the Business Process Improvement Strategic Plan.

This report is the twelfth report that your Board instructed my Department to submit detailing our progress in reducing the error rate. It is my intention to continue providing you with monthly reports until the Food Stamp error rate issues are resolved.

BY:ps

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller